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APPLIED ELASTOMERICS, INC.

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
OAKLAND DIVISION

APPLIED ELASTOMERICS,  
INCORPORATED, a California corporation,

Plaintiff,

v.

Z-MAN FISHING PRODUCTS,  
INCORPORATED, a South Carolina  
corporation,

Defendant.

Case No. C06-02469 CW

**STIPULATION REGARDING  
MINIMUM ROYALTIES AND  
ORDER**

Honorable Claudia Wilken

Plaintiff and Counter-Defendant Applied Elastomerics, Incorporated (“AEI”) and Defendant and Counter-Complainant Z-Man Fishing Products, Incorporated (“Z-Man”), through their respective attorneys of record, submit this stipulation and proposed order.

Whereas AEI has until January 5, 2007 to bring a motion for judgment on the pleadings that Z-Man was required to pay AEI minimum royalties under the license agreement between the parties with an effective date of April 26, 2001 (“the Agreement”) whether or not the products sold by Z-Man fell are covered by the licensed Patent Rights (as the term is defined in the Agreement); and

Whereas the Parties seek to avoid unnecessary motion practice by stipulation.

IT IS HEREBY STIPULATED between AEI and Z-Man as follows:

It is agreed that, if the Agreement is enforceable, regardless of whether any products made, used, imported, sold or offered for sale by Z-Man were covered by the licensed Patent Rights, the terms of the Agreement required payment of minimum royalties by Z-Man. Notwithstanding the foregoing, Z-Man maintains and does not waive any other defenses in this action or concede any of the elements of AEI's claims, including, but not limited to, whether a contract (the Agreement) was ever formed or, if it was formed, whether the Agreement is void or voidable. The parties also continue to dispute the dollar amount of the minimum royalty term, if a contract (the Agreement) was in fact formed.

Dated: December 22, 2006

MORRISON & FOERSTER LLP

By: /s/  
Jill Neiman  
Attorneys for Plaintiff Applied Elastomerics, Inc.

Dated: December 22, 2006

DILLINGHAM & MURPHY, LLP

By: /s/  
Mark J. Rogers  
Attorneys for Defendant Z-Man Fishing  
Products, Inc.

1 IT IS SO ORDERED.

2  
3 Dated: 1/5/07



United States District Judge  
Honorable Claudia Wilken

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5 I, Jill Neiman, am the ECF User whose ID and password are being used to file this Stipulation  
6 Regarding Briefing Schedule and [Proposed] Order. In compliance with General Order 45, X.B.,  
7 I hereby attest that Mark J. Rogers has concurred in this filing.  
8

9 Dated: December 22, 2006

MORRISON & FOERSTER LLP

10  
11 By: /s/  
12 Jill Neiman  
13 Attorneys for Plaintiff and Counter-Defendant  
14 Applied Elastomerics, Inc.  
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